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UAW will propose special Horizon to save plant

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Union leaders from the soon-to-be closed Chrysler Motors Jefferson Avenue assembly plant this week will give Chrysler officials a marketing proposal for a special model they hope will save their jobs.

John Miller, president of UAW Local 412, which represents white-collar engineers at the Jefferson plant, said the proposal calls for producing a special edition Plymouth Horizon to be sold in areas where the Horizon still sells well.

A meeting is scheduled for Tuesday at Chrysler headquarters in Highland Park,

confirmed Chrysler spokesman Lee Sechler. He said that "the topic would be Jefferson" and that Anthony St. John, vice president of human resources, would represent the automaker.

Miller conceded the union's chances of changing the company's mind are slim. "It doesn't look good," he said.

But the concept got an approving nod from international union leadership who were informed of the marketing proposal Jan. 8 at Solidarity House, the union's Detroit headquarters, Miller said.

Attending were Miller, UAW President Owen Bieber; Stan Marshall, vice president

and director of the Chrysler division; Robert Lent, director of UAW Region 1/1B; Aaron Taylor, president of UAW Local 7, which represents the production workers; and Frank Monaghan, president of UAW Local 889, which represents the office workers.

Miller said a union survey shows that the Horizon sells especially well in industrial and college towns, as well as to first-time buyers. The union will propose that the car be marketed in those areas at zero percent financing for three or four years.

A separate survey, returned by 30 Detroit-area new-car dealers to UAW Local 7, showed that 90 percent of the dealers think

that Horizon was not properly marketed by Chrysler, Miller said.

"It's not that the car was losing money," he said. "I believe that the company wants to push on the public cars that can make a bigger profit margin."

Horizon and its clone, Dodge Omni, are the only products at Jefferson.

In 1989, Chrysler Motors dealers sold 39,315 Horizon and 40,185 Omni models, down more than 34 percent from 1988 totals.

Miller said he thinks the surveys indicate that Horizon would be a better seller than Omni; that's why the union wants to build

see HORIZON, page 43



Speakers Sarni and Poling flank Automotive News publisher Keith Crain.

WORLD CONGRESS

Speakers warn of peril in the '90s; some drop hints seeking federal help

By Edward Lapham
MANAGING EDITOR

DETROIT — The 1990s will be a perilous decade for U.S. automakers, which face diminishing market share, escalating product development costs and renewed regulatory pressures.

That was the overview at the 14th Automotive News World Congress last week, where 30 speakers told 500 registrants that the 1990s will be an intensified continuation of the 1980s.

It wasn't all doom and gloom at the congress, but it was clear that the domestic auto industry faces perplexing challenges and difficult decisions in the next decade.

Those challenges and decisions were framed in many ways, including some that sounded like a call for protectionism.

see CONGRESS, page 19

Congress delegates visit nearby North American International Auto Show.



James O'Neal

Palmer Group aims at \$2 billion in 1991

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Arnold Palmer Automotive Group Holdings will forge a national dealership network, acquiring 16 more dealerships by the end of 1991. It will bring the number of company points to 41 with 82 franchises, two-thirds of them domestic.

The company has raised \$250 million in a privately placed stock offering through New York-based Bankers Trust Co. to make the ac-

quisitions.

By the end of next year it will have sales in excess of \$2 billion on unit sales of roughly 200,000.

Some of the other largest groups are Hendrick Management Group, based in North Carolina, which has 35 points and 51 franchises; and the Potamkin Cos. with 24 points and 60 franchises.

Unlike them, the Palmer group has the financial capability and the interest in buying dealerships at price tags in excess of \$25 mil-

lion, said James O'Neal Jr., chairman of the Orlando, Fla.-based company.

And although the Penske Corp., a large conglomerate of dealerships and other enterprises, has the financial capability, O'Neal said its business interests apparently lie in other directions.

He said the Palmer group, which had \$923.4 million in sales in 1988, will conduct a public stock offering within three years.

see O'NEAL, page 19

Saturn prices start below \$10,000

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Most of the Saturn cars that go on sale this fall will be priced between \$10,000 and \$12,000.

Donald W. Hudler, vice president of sales, service and marketing for Saturn Corp., also laid out an ambitious goal for the new car line of selling to at least 80 percent conquests: customers who had intended to buy non-GM models, particularly Japanese imports.

"I'm pleased to say that Saturn is on target toward meeting these ambitious goals," Hudler said.

The new General Motors subsidiary plans to produce 240,000 models the first year, but Hudler would not speculate on unit sales.

He explained the pricing strategy and sales goal at the Automotive News World Congress.

He said the pricing is consistent with the Japanese imports — such as Toyota Corolla and Honda Civic — that Saturn believes to be its chief competitors. The Corolla sedan and two-door models range from \$8,700 to \$13,000; the Civics range from \$6,900 to \$12,000.

Hudler said that based on trim and option packages, some of the Saturn models will cost less than \$10,000 and some more than \$12,000.

Three Saturn models will roll out this fall — a low- and high-end four-door sedan and a two-door hatchback. The cars are similar in size to the Civics and Corollas. The interior is a bit larger, industry sources say.

Advertising should begin in the summer, Hudler said.

Two dealers praised the pricing. The company gives a dealer an exclusive franchise in each of 250 to 300 marketing areas in the United States. Hudler said it has not been decided if the car will be sold in Canada.

About 60 stores are expected to see SATURN, page 43

LA. Auto Show

Isuzu shows off slippery V-8 concept; Avanti unwraps four-door; and Honda honchos say a minivan may be coming. Page 4.

GM follows Suzuki over fallen Iron Curtain into Hungary

By Michelle Krebs
and Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTERS

Hungary will shortly acquire a car manufacturing industry.

General Motors is expected to announce a deal in the next few days to build cars and engines there.

It follows confirmation that Suzuki Motor Co. has agreed to set up a joint venture in Hungary.

The deals mark the first auto-making ventures in Eastern Europe by the United States and Japan.

They will also turn Hungary, a

substantial bus, truck and component maker in the Eastern Bloc, into a car-making country. The cars will be sold in Hungary, at least initially.

The GM deal calls for a joint venture with state-owned truck-maker Raba to build Opel Kadetts. It also would involve production of 1.6-liter engines for use in Opels sold in Western Europe.

The joint venture, in which GM is expected to hold a majority interest, would be worth about \$150 million.

GM-Europe refused to comment

on the specifics of the deal.

GM-Europe refused to comment on the specifics of the deal. It would only say that it is still in negotiations with Raba.

The Kadett would be built at a nearly completed plant in Szentgotthard, Hungary, located by the Austrian-Hungarian border, and not far from GM's engine and transmission plant in Aspern, Austria. Initially, the plant would produce 10,000 to 15,000 cars.

The operation would produce the 1.6-liter Family 1 engine used in mid-size Opel and Vauxhall models in Europe. It could eventually build up to 200,000 engines annually.

GM-Europe has lost sales because of capacity constraints, particularly in engines. It recently began buying engines from GM's partner, Daewoo Motor Co., in South Korea.

It plans to import 20,000 to 25,000 engines in 1990 to be installed in cars assembled at GM's plant in Bochum, West Germany.

GM already has a barter agreement with Mogurt, the Hungarian foreign trading company through which GM provides parts technology and about 1,000 Kadetts a year in exchange for castings. Opel began shipping cars to Hungary in 1988.



The Hungarian venture will produce 15,000 Suzuki Swifts in 1992.

GM sells some Kadetts already in Hungary — about 6,000 in 1989. But lack of hard currency in Hungary limits GM's further opportunities to export vehicles into Eastern Europe, which is what likely led to the plan to build cars there as well as engines.

The Suzuki agreement came just before the trip by Prime Minister Toshiki Kaifu of Japan to Eastern Europe, where he is presenting \$1.2 billion in aid.

The Hungarian project calls for a new 20 billion yen (\$138 million) plant to produce the 1-liter and 1.3-liter subcompact Cultus (Swift). The plant will be located in Esztergom, about 30 miles north of Budapest.

Production will start in 1992

with a target of 15,000 units the first year, 50,000 the second year and 100,000 eventually.

Suzuki will own 30 percent of the project and a Hungarian group, Autokonszern, 50 percent. International Finance Corp. and C. Itoh have 10 percent each.

Although Suzuki denied any political connections with the prime minister's trip, the timing is politically advantageous for the Liberal Democratic Party, which faces a critical election next month.

A senior executive of one company called the Suzuki deal a present from the auto industry to the ruling party, which has severely criticized industry leaders for not giving more support during the party's recent political crisis.

Daihatsu, Poland deal?

TOKYO — Daihatsu Motor Co. hopes to start production in Poland early next year. It has proposed an interim program to speed up the project to produce the 1.3-liter Charade with Fabryka Samochodow Osobowych of Poland.

Daihatsu is asking the Polish side to agree to limited knock-down kit assembly as an initial stage to get the project off the ground.

Daihatsu and a consortium of Japanese partners have always insisted on some backing from

the Japanese government, but that approval has been dependent on Poland's ability to reschedule its debt payments.

The latest development came during the visit of Prime Minister Toshiki Kaifu of Japan to Eastern Europe.

The project now under discussion would cost more than 100 billion yen (\$714 million). Daihatsu said it would still require additional Japanese government backing.

— Mary Ann Maskery

Grant gets Jaguar job

Irish-born exec held Ford post in U.S.

By Daniel Ward
STAFF CORRESPONDENT

LONDON — Ford Motor Co. has appointed one of the chief architects of the Jaguar acquisition as Jaguar's full-time executive deputy chairman.

John Grant, who was born in Belfast, Northern Ireland, was Ford's chief business strategist in Europe and for the last year has been executive director of Ford's corporate strategy staff in Dearborn, Mich. He will work with Sir John Egan, Jaguar chairman.

At 44, Grant is the youngest member of Ford's top management. He is considered a fast-tracker by company insiders. Grant was one of the key negotiators for Ford on the Jaguar deal.

Lindsey Halstead, Ford of Europe chairman, will be a member of the Jaguar board as a non-executive director.

"Their experience will clearly

strengthen our board," Egan said. "In his role as executive deputy chairman, John Grant will assist in the development of a smooth working relationship between Ford and Jaguar and will also be responsible for the effective coordination of forward planning processes and Jaguar's access to Ford's technical and financial resources."

Grant will move to Coventry, England, to take up his new appointment in the next few days. In the Jaguar hierarchy, he ranks above the previous No. 2, Michael Beasley, assistant managing director and former manufacturing director.

The significance of Grant's appointment is that Ford now has one of its own executives at Jaguar should Egan decide to leave.

To date, Egan has said only that he will remain until the transition is finished and plans for Jaguar's future under Ford's ownership are



John Grant

complete. He will then review his position.

Grant joined Ford of Europe's finance staff in 1967 and spent several years on the corporate finance staff in Dearborn before becoming Ford of Europe treasurer in 1985. He was named vice president of business strategy for Ford of Europe in late 1987 and returned to the United States in 1989.

Automotive News Staff Reporter Laura Clark in Detroit contributed to this report.

Ford Mexico plant to make Zeta engine for U.S. cars

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Ford Motor Co. will build the North American version of its four-cylinder Zeta engine in its Chihuahua, Mexico, plant, according to Ford component suppliers working on the project.

The North American Zeta engine eventually will be used in the replacements for the Ford Tempo and Mercury Topaz, which are scheduled to debut in the 1993 model year, and in the Ford Probe, around the same time, according to suppliers, who spoke on the condition of anonymity.

The European version of the Zeta engine will debut next year in the European Escort. The European Zeta will be a 16-valve engine and will be offered in two versions — a 1.4-liter for small cars and a 2-liter for large cars, according to reports in Europe. The engines will be built in Ford's Bridgend, Wales,

plant.

Max L. Jurosek, vice president of car product development, said no decision has been made on the engine's displacement for the North American Zeta.

The present Tempo/Topaz is powered by Ford's 2.3-liter, four-cylinder engine.

The Zeta engine reportedly will have four valves per cylinder and light-alloy heads. It could have either a cast iron or aluminum block, according to industry reports.

It had been widely reported that the North American Zeta engine would be built in Ford's Dearborn, Mich., engine plant. But sources say Ford chose Chihuahua instead.

The Dearborn plant currently builds fuel tanks and 1.9-liter four-cylinder engines for the Escort. A replacement for the 1.9-liter is expected to be introduced in the mid-1990s, but no production site has been announced.

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Cerritos deal typifies Acura efforts to keep top CSI spot

No magic formula,
just hard work

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

CERRITOS, Calif. — Marie Jones is steaming when she shows up at the general manager's door at Cerritos Acura. She is not a happy customer.

General Manager Dick Kennedy introduces himself and a reporter, then eyes a white plastic shopping bag that clanked when she placed it on his desk. "I presume your complaint has something to do with what is in that bag," he says.

Jones pulls out a badly bent jack. It's from her 1986 Acura Legend. The white-haired Long Beach resident got a flat the previous night, and when a passing Good Samari-

tan tried to change the tire for her, the scissors-type jack bent, forcing her to call her road club service.

"That was the first time I ever tried to use that jack," Jones says. "It doesn't seem right that it should fail."

But what upsets her is that the parts counterwoman wanted her to pay \$66 for a replacement. She has taken her protest to Kennedy.

Kennedy readily agrees that the jack should be replaced free, but it's clear that Jones is still troubled. Gradually, it comes out. She's never used this kind of jack before. Could someone show her how it works?

Kennedy introduces her to Service Manager John Arnold. There's no jack in stock, so Arnold pulls one from a new 1990 Legend. He uses it to lift the left rear tire of Jones' car clear of the ground and

lower it before stowing the new jack in her trunk.

Jones thanks Arnold and flashes the reporter a smile.

"I'm satisfied," she says, driving off.

Another small victory on the customer satisfaction battlefield. Acura dealers win more than anybody else, according to the Customer Satisfaction Index survey compiled annually by J.D. Power and Associates of Agoura Hills, Calif.

Acura has captured the No. 1 customer satisfaction rating three years in a row, each year it has been eligible since American Honda introduced the upscale car in 1986.

The J.D. Power CSI award has become the Holy Grail in an industry that has increased its emphasis on customer service. Many experts

believe that treatment of customers will determine the winners and losers in the 1990s.

Acura advertises its customer-satisfaction rating heavily, devoting a fifth of its estimated \$50 million annual advertising budget to the issue.

Acura has improved its CSI score each year. If it had not, Acura would have lost its crown to other manufacturers that have raised their ratings and are closing in, said Jay Ferron, a partner at Power.

In fact, in a separate California-only tally, Nissan moved from back in the pack to edge Acura for the state title earlier this year.

And Lexus and Infiniti, rival Japanese luxury-car divisions that will be eligible for the Power CSI competition in 1990, are gunning

see ACURA, page 11

TRUCK INDUSTRY

Volvo GM sets up three regional marketing companies

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

In a major reorganization of its sales and marketing functions, Volvo GM Heavy Truck Corp. has created three independent operating companies to market White-GMC and Volvo tractors and trucks.

The new companies, each with its own president and staffs to handle sales, marketing, service, parts, dealer development and financial responsibilities in their marketing areas, began operating Jan. 1, according to Thage Berggren, president and chief executive officer of Volvo GM Heavy Truck.

Each company will have annual sales of about \$500 million and will be staffed with executive and support personnel drawn chiefly from within the company.

The new companies are Northern WhiteGMC, headquartered in Columbus, Ohio; Southern WhiteGMC, headquartered in Greens-



Stella



Young



Edling



Maggio

boro, N.C.; and Western WhiteGMC, headquartered in Ogden, Utah.

The sites were chosen because of their central locations within the operating companies' service areas and their proximity to company assembly plants.

Volvo GM previously had five sales regions with little autonomy, reporting to corporate headquarters in Greensboro.

The three new highly autonomous operating companies were created to provide closer ties and

quicker responsiveness to dealers and retail customers.

"If a customer in Georgia needs information or satisfaction, he can talk to SouthWhite, without having to go through Greensboro," Berggren said.

L. Francis Stella, previously Volvo GM's vice president of parts and service, was named president of Northern WhiteGMC.

Terry Young, previously director of marketing, became president of Southern WhiteGMC.

Thomas Edling, previously

director of sales and marketing for Volvo GM Canada Heavy Truck, became president of Western WhiteGMC.

The new companies report to Volvo GM Heavy Truck corporate headquarters in Greensboro through commercial operations.

That is a newly established function headed by Giorgio M. Maggio, new executive vice president of Volvo GM Heavy Truck. He had been president of Volvo Veicoli Industriali S.p.A. heavy-truck operations in Italy.

In the decentralization of the company, corporate sales, marketing and parts staffs will be redistributed among the operating companies.

Some functions still will be handled through the corporate operation such as manufacturing, the management information or computer system and human relations operations.

There will also be some limited

national marketing, as well as some national parts and service, finance and dealer development functions.

Volvo GM is renting office space in Ogden, Columbus and Greensboro to accommodate the new operating companies, keeping the Greensboro-based Southern WhiteGMC separate from the corporate facilities there.

Northern WhiteGMC consists of dealers in 18 states from Maine through Minnesota and down into Illinois. It also includes one dealer in West Virginia.

Southern WhiteGMC consists of dealers in 16 states from Virginia and West Virginia through Missouri, Kansas, Oklahoma and Texas.

Western WhiteGMC consists of dealers in 16 states in Alaska and Hawaii and from California through North and South Dakota. It also consists of one dealer in Iowa and one in Texas.

'89 light-truck sales finish second best

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

They didn't set a record, but light-duty truck sales in the United States last year were the second-best ever.

Manufacturers aren't complaining much about the 4,680,335 light trucks they sold in calendar 1989, even if the total did fall short of the previous year's record 4,872,896.

For U.S.-based companies, whose share of the car market has been steadily eroding, the good news was that they continued to increase their penetration in light trucks.

U.S.-based firms captured 86.65 percent of the light-duty market, up from 85.54 percent in 1988.

The importers' share dropped 1.11 percentage points to 13.35 percent. Their market erosion wasn't nearly as precipitous as in calendar 1988 when they lost more than 4 percentage points, dropping from 18.59 percent to 14.46 percent.

The importers' share has stabilized, and Detroit will face a fierce fight to capture more ground or even protect its current market-share gains from the importers.

GMC Truck posted the only sales record among the domestics. Its 353,788 light-truck total was up slightly from the previous high of 352,999 in 1988.

Chevrolet gained ground on Ford last year, though its 1,309,837 sales still trailed Ford's 1,401,994 by 92,157 units.

At Ford, the only sales increases were in the Aerostar compact van and the full-sized Bronco sport-utility.

Chevrolet had an increase in its Geo Tracker sport-utility sales. The vehicle was a late entry in 1988 and was still in an acceleration mode in 1989.

General Motors' 1989 total included the first sales of the new front-drive Chevrolet Lumina APV, Pontiac Trans Sport and Oldsmobile Silhouette.

Combined sales of the three vehicles totaled only 15,124, though they are expected to add nearly 200,000 units to this year's tally.

LIGHT-DUTY TRUCK SALES, DECEMBER

	Dec. 1989	Dec. 1988	12 Mos. 1989	12 Mos. 1988
Vans	10,032	12,827	166,233	187,710
Aerostar	13,769	14,759	188,130	184,578
Club Wagon	1,878	2,217	25,566	27,818
Ranger	21,360	17,641	284,125	298,579
Bronco	4,886	5,443	82,563	55,124
Bronco II	7,889	9,425	108,990	124,109
Pickups	39,435	44,737	566,387	584,169
Ford	99,248	107,949	1,491,994	1,462,967
Vans	6,369	8,087	116,282	121,691
Sportsvan	883	763	10,342	12,336
Geo Tracker	1,509	886	11,461	2,145
Astro	7,946	11,084	143,941	156,833
Lumina APV	4,549	0	9,778	0
S-10	13,203	18,517	228,691	248,768
S-10 Blazer	11,898	17,625	178,691	184,500
El Camino	0	0	0	420
Blazer	1,912	2,446	22,816	27,180
Suburban	5,090	6,222	65,428	66,897
Pickups	34,777	43,386	522,409	515,637
Chevrolet	88,438	109,918	1,309,837	1,336,467
Pontiac Trans Sport	1,293	0	3,226	0
Olds Silhouette	928	0	2,122	0
Vans	3,901	4,446	57,812	59,341
Ram Wagon	1,638	1,902	24,055	25,093
Voyager	17,878	15,280	184,943	192,273
Caravan	20,324	18,416	206,426	210,918
Caravan C/V	595	1,318	13,150	19,222
Town & Country	245	0	1,812	0
Ram 50	1,478	2,840	28,967	53,283
Raider	485	735	9,450	7,861
Ramcharger	1,067	1,914	18,973	19,309
Dakota	6,089	7,132	82,294	93,396
Pickups	7,658	6,858	90,302	82,013
Chrysler	81,118	88,888	736,184	763,389
Vans	2,369	2,665	40,534	45,240
Safari	1,891	2,152	31,681	33,166
S-15	4,429	3,927	52,601	52,575
S-15 Jimmy	4,162	3,984	44,850	44,533
Jimmy	603	644	6,723	7,820
Caballero	0	0	0	60
Suburban	2,140	2,006	23,651	22,744
Pickups	9,754	10,514	148,661	141,329
P Model	226	299	3,696	4,145
W-4	133	152	1,391	1,576
GMC	25,787	26,343	393,788	382,999
Wrangler	2,791	3,485	50,726	42,076
Wagoner	451	895	6,537	9,138
Cherokee	11,064	13,985	158,118	149,586
Grand Wagoner	776	1,364	10,715	14,482
Comanche	1,231	2,163	25,074	37,971
J-10/J-20	0	0	0	221
Jeep	16,313	11,912	246,170	253,484
Daihatsu	165	0	295	0
Toyota	16,654	19,430	221,694	247,077
Nissan	10,153	14,309	153,412	169,591
Mazda	4,644	6,381	78,539	93,287
Isuzu	10,369	8,756	103,373	90,405
Mitsubishi	4,274	3,302	38,707	43,516
Suzuki	1,051	3,673	24,172	57,327
Subaru	0	0	0	10
Range Rover	593	444	4,822	3,427
Imports	47,888	66,486	825,814	784,640
Industry Total	348,988	381,574	4,680,335	4,872,896

Compiled by Karen Dellavanti

Last year also marked the first appearance of the Chrysler Town & Country front-drive van. Sales of the Plymouth Voyager, Dodge Caravan and Caravan C/V were off in 1989 and appear likely to slip further this year under the onslaught of new minivan competition

from Ford, GM and the importers. Dodge recorded gains in full-sized van sales last year; they benefited from the company's rebate program.

Dodge D/W series full-sized pickups notched 90,302 sales, up from 82,013 in 1988.

GMC says there's gold in sale of accessories

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

LAS VEGAS — GMC Truck Division is urging its dealers to "accessorize" their retail operations to meet the challenges of the new decade.

Fierce competition among manufacturers at all levels will be the overriding theme of the 1990s, John D. Rock, general manager of GMC Truck, said in a speech outlining the effects of that competition on the light-truck market and how GMC plans to overcome it.

Rock told a group of GMC dealers and factory personnel at the Specialty Equipment Marketing Association meeting here that in every Western nation, there are more vehicles than drivers.

In the United States alone, he said, the market has gone from production capacity restraints creating demand stronger than supply to today's overcapacity of 2 million vehicles a year.

"At the same time, the overall personal vehicle market will have gone from a choice of 90 nameplates back in the 1950s to a choice of more than 750 nameplates by the end of the 1990s," he said. "Importantly, these are all good nameplates, all worthy opponents."

Because quality throughout the industry has advanced to the point where virtually all the vehicles available are good, Rock said, the buyer today is faced with unprecedented choice and confusion.

"The need to find new ways to reach this confused buyer has led to the continuing development of niche marketing and even micro-niche marketing," he said.

"In other words, we are to the point in some American metropolitan areas where a hot-selling vehicle in one part of town may be flat in another. Obviously, no volume manufacturer will be able to fine-tune his products on a neighborhood basis. And all this is happening with greater and greater speed, like the fashion market."

GMC's approach to niche marketing, Rock said, is to produce the strongest, most solid trucks possible and then work with the aftermarket to develop the niche vehi-

cles that will connect with buyers in those very specialized markets.

"This strategy is viable because only in the aftermarket can you find the variety of special focus products necessary to fill the niche-market buyer needs," Rock told the aftermarket and factory personnel. "The aftermarket is the only place that can react quickly enough to market conditions."

Quoting a Specialty Equipment Marketing Association survey, Rock noted that specialty parts and accessories for customizing cars and trucks now account for approximately 10 percent of the total vehicle parts replacement market, or about \$7.2 billion a year.

The association estimates that the typical car or truck customizing enthusiast spends more than \$2,500 a year for specialty parts, accessories or services.

GMC Truck's ultimate goal, Rock said, is to distinguish the division's dealers and their products from their competition — "to help them stand out from the crowd."

"A key element of this approach is what we call 'In-Dealership Accessorizing,'" Rock said. "At the time a customer orders a light truck or van, dealership personnel will assist in specifying accessories and services to customize that vehicle to the customer's individual and personal tastes."

"This plan won't be limited strictly to new-truck orders," he said.

"It will also make each dealership a truck headquarters, the best source for owners who want to personalize light trucks and vans they already own."

To assist GMC Truck dealers in that activity, a catalog of specialized parts, accessories and services for truck customizing is being distributed to each of the division's 2,400 dealerships.

The program, Rock said, is vital if GMC Truck and its dealers are to respond to the opportunities for growth in all segments of the truck business.

The intense and growing competition means that no truck company is on "easy street."

LEGAL BRIEFS

U.S. high court protects lemon law rights in Alabama

By Helen Kahn
SENIOR CORRESPONDENT

WASHINGTON — By refusing to review an Alabama Supreme Court decision, the U.S. Supreme Court has preserved the lemon law rights of consumers in that state.

The Alabama law allows consumers to take a manufacturer and/or dealer to court over alleged defects, even if the consumers have signed a sales contract with a binding arbitration clause.

In 1987, Jack and Juanita Warren of St. Clair County, Ala., bought a car from Jim Skinner Ford of Birmingham, Ala. A clause in the sales contract said that in any disputes that may arise, the dealer and the customer agree to binding arbitration pursuant to the Federal Arbitration Act.

When the Warrens, concerned over repair problems, sued Ford Motor Co., First Alabama Bank of Birmingham and Jim Skinner Ford for breach of contract and for warranty failure, the dealer moved to stay because of the arbitration law. The trial court agreed.

The Warrens then moved to change the court order. Ford Motor

Co. intervened to stay the proceedings pending arbitration. The trial court agreed with Ford and denied the Warrens' move. In July 1988, the Warrens took the issue to the Alabama Supreme Court.

The state's high court overturned the lower court. The majority found that even though Jim Skinner Ford was a Delaware corporation, its main place of business was in Alabama, the Warrens were state residents, the sale occurred in Alabama and was pursuant to a contract entered into and executed in the state and all obligations expected from it were to be handled solely within the state.

Judge rebuffs GM stand in lemon law dispute

A federal judge in Philadelphia turned down a bid by General Motors to cancel lemon law arbitration with an owner who said her 1987 Chevrolet Celebrity was not fixed satisfactorily in 13 tries.

Anne Marie Lynn sued GM, seeking a refund of the vehicle's

adjusted purchase price or a replacement. She also sought damages and attorney's fees.

GM said damages were beyond the scope of arbitration and must be settled by a trial court. GM noted it had offered to buy back the car.

Lynn said she disagreed with GM's calculations for the buyback. She claimed GM was trying to frustrate her right to a jury trial.

U.S. District Judge Louis H. Polak, noting that GM's offer to repurchase did not include consequential damages, said Lynn "should have the opportunity to present evidence of any consequential damages to a trier of

fact." He added that the issue of calculations of the repurchase price should also be submitted to the arbitration panel.

— Helen Kahn

FTC says 4 dealerships violated use-car rule

WASHINGTON — The Federal Trade Commission has charged four Tennessee used-car dealers with several violations of the commission's used-car rule.

The FTC said the dealers didn't post window stickers giving warranty data and other customer information. They also were accused

of failing to warn buyers not to rely on salesmen's promises and of their right to an independent mechanic's inspection.

McManus-Wilson Motors of Knoxville has agreed to a civil penalty of \$15,000 to settle the charges. Supreme Motors of Nashville agreed to settle for \$12,500. Neither dealership admitted violations, but they are barred from future transgressions. Both settlements await approval in federal court.

G&H Used Cars and Olympic Motors, both of Nashville, await a decision from the U.S. District Court.

— Helen Kahn

November shop business exceeds year ago by 3.8%

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Service and parts business in new-car dealerships in November topped the volume recorded the previous year for the second consecutive month.

According to the Automotive News Service Index, November's shop business climbed 3.8 percent over the volume for November 1988. Shop volume in October was up 2.5 percent over the year-earlier business.

Service and parts business for the first 11 months of 1989 increased 1.9 percent over the business recorded in the same period in 1988.

The service index is compiled

SERVICE INDEX
103.8*

	Nov., '89	Jan.-Nov., '89	Nov., '88	Jan.-Nov., '88
Gross Profit on All Labor and P&A Sales	+3.6%	+3.0%		
Repair Orders Written	-0.2%	-1.9%		
Total Labor Sales (Customer & Warranty)	+5.0%	+2.4%		
Shop Parts Sales (Customer & Warranty)	-2.4%	+1.1%		
Sales of All P&A	+3.0%	+1.0%		

* Survey by Automotive News shows that dealers' service and parts business in November 1989 was 103.8 percent of business in November 1988. Service business in the first 11 months of 1989 was 101.9 percent of business in the corresponding period in 1988.

from figures on parts and service business supplied by a cross-section of new-car dealerships across the nation.

Total labor sales (customer-paid and warranty), the leading indicator in November, were up 5.0 percent over the year-earlier month and were up 2.4 percent for the 11-month period.

Gross profit on all labor, parts and accessories — the most important indicator from the dealers' viewpoint — climbed 3.6 percent in November and 3.0 percent for the year to date.

The only other indicator registering an increase for the month was sales of all parts and accessories at 3.0 percent ahead of the year-ago volume. Parts and accessories sales for the year were up 1.0 percent, according to the index.

Indicators showing declines in November were shop parts sales (customer and warranty), down 2.4 percent, and repair orders written, down 0.2 percent. For the year, shop parts sales were up 1.1 percent, while repair orders declined 1.9 percent from the year-earlier volume.

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'90 Yugo Cabrio ragtop goes on sale; automatic planned

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Yugo America has begun importing its long-awaited convertible, which will be sold as a 1990 model.

Also for 1990, Yugo

will offer one other model, the GV Plus, in one trim level. Three trim levels had been offered previously.

Yugo America hopes to sell about 20,000 cars in 1990, including 5,000 to 6,000 convertibles, said John Spiech, president and chief executive officer. Sales in 1989 totaled 10,576 units.

The Cabrio began arriving in

December but availability is limited to Southern states until this spring, Spiech said. The GV Plus is due to go on sale in February.

The Cabrio lists for \$8,990 with standard features including a power-operated top and a glass rear window with defroster.

The GV Plus lists for \$4,435. Like the Cabrio, the GV Plus carries a 1.3-liter, four-cylinder engine with a five-speed transmission. The GV Plus has multi-port electronic fuel injection, making it the first fuel-injected Yugo. The Cabrio is carbureted.

Yugo America plans to offer a Renault-built, three-speed automatic transmission on both cars later this year, Spiech said.

Prices on the three 1989 GV models ranged from \$4,349 for the basic GV with a 1.1-liter engine to \$5,699 for the GVX, which had the 1.3-liter engine.

The Cabrio was supposed to have been a 1988 model, but the car was delayed by design and quality problems as well as the financial difficulties that drove Yugo America into bankruptcy a year ago.

The previously independent distributor emerged from bankruptcy

last month as a subsidiary of Yugoslavian manufacturer Zavodi Crvena Zastava.

At the recent North American International Auto Show in Detroit, Yugo held its first formal

press conference since going bankrupt. Yugo abruptly withdrew from the previous Detroit show, but the company was back with a modest exhibit for the 1990 exhibition.

INTRO
1990



The GV Plus is the first fuel-injected Yugo.

YUGO FOR 1990

Model	Wheelbase (inches)	Length (inches)	Width (inches)	Height (inches)	Curb Weight (pounds)	Base engine	Drive type	Body style
GV Plus Hatchback	84.6	139.0	60.7	54.1	1,870	1.3-liter I-4	hwd	3-dr.

Nov. vehicle sales slip 6.9% in Canada

CANADIAN CAR AND TRUCK SALES

	Nov. 1989	Nov. 1988	11 mos., 1989	11 mos., 1988
Domestic cars				
General Motors	23,861	26,924	292,031	327,940
Ford	12,253	16,488	176,548	188,135
Chrysler	8,858	10,805	113,661	136,939
Honda	1,853	2,614	23,889	16,377
Hyundai	802	0	1,612	0
Volvo	293	289	3,475	2,450
Domestic car total	47,920	57,120	611,216	671,841
Import cars				
Toyota	5,894	5,313	73,134	66,028
Honda	4,975	3,700	55,769	53,671
GM	2,542	1,889	28,907	25,646
Volkswagen	2,291	2,477	27,678	32,560
Nissan	1,773	2,434	26,762	28,470
Mazda	1,762	2,008	24,801	26,238
Hyundai	1,683	2,370	25,476	28,890
Chrysler	1,433	1,055	19,937	11,933
Suzuki	691	266	6,928	6,337
Ford	584	332	7,967	6,049
BMW	385	383	4,061	4,650
Subaru	372	602	5,857	7,225
Mercedes-Benz	300	332	3,786	3,946
Volvo	293	190	3,024	3,328
Jaguar	141	171	1,481	1,992
Saab	106	110	1,168	1,264
Lada	67	60	624	917
Peugeot	14	0	217	78
Skoda	5	31	340	359
Import car total	25,311	23,723	317,837	309,588
TOTAL — ALL CARS	73,231	80,843	929,053	981,429
Domestic trucks (including vans)				
General Motors	13,473	15,006	147,814	182,758
Ford	10,715	10,809	130,843	138,005
Chrysler	7,741	7,751	95,703	99,646
Domestic truck total	31,929	33,566	374,360	420,409
Import trucks (including vans)				
Mazda	1,565	1,327	16,720	10,897
Toyota	1,490	1,651	15,507	14,312
GM	1,404	838	10,726	2,747
Nissan	955	1,028	12,538	12,382
Suzuki	880	519	7,357	5,133
Chrysler	168	156	2,219	3,434
Volkswagen	20	37	740	806
Lada	18	6	219	142
Import truck total	6,590	5,584	66,826	49,884
TOTAL — ALL TRUCKS	38,519	39,150	441,186	470,293
TOTAL — CARS, TRUCKS	111,750	119,993	1,370,239	1,451,722

By Bill Vance
SPECIAL CORRESPONDENT

TORONTO — New car and truck sales in Canada declined in November, as sales of domestic-built vehicles fell and imports increased.

Total Canadian sales — car and truck, import and domestic — decreased 6.93 percent for the month. On a year-to-date basis, they are down 4.34 percent.

On the domestic car side, Ford of Canada suffered the most, off 25.68 percent from a record November 1988.

Chrysler Canada and General Motors of Canada were also down, by 18.02 and 11.38 percent, respectively. Year-to-date domestic car sales were off 9.02 percent.

Imported cars — including those offered by the Big 3 as well as import companies — continued to buck the overall trend of falling sales. The three biggest monthly gainers in import car sales were Ford, up 75.90 percent; Chrysler, up 35.83; and GM up 34.57. Honda, Nissan and Suzuki also made strong improvements, contributing to a 6.69 percent overall increase in import sales for the month. For the year, sales of car imports were up 2.7 percent.

Light trucks followed a similar pattern: domestics down and imports up. Domestic trucks sales declined for each of the Big 3, although by just 10 units at Chrysler and 94 at Ford. The total monthly decrease was 4.88 percent, compared to a year-to-date loss of 6.50 percent.

Imported models, paced by Mazda, GM and Suzuki, enjoyed a monthly gain of 16.82 percent. On a year-to-date basis they are up 32.44 percent.

Total truck sales were down 1.79 percent for the month and 2.19 percent for the year.

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Ford Motor Co.

Jan. 16 — A.D.E. of Birmingham, Moody, Ala.; Ohio Auto Auction, Grove City, Ohio; Harrisonburg Auto Auction, Harrisonburg, Va.; and Bay Cities Auto Auction, Hayward, Calif.

Jan. 17 — Aptco Auto Auction, Taylor, Mich.; Texas Hobby Auto Auction, Texas; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Greater Tampa Bay Auto Auction, Tampa, Fla.

Jan. 18 — Denver Auto Auction, Aurora, Colo.; Minneapolis Auto Auction, Maple Grove, Minn.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

Jan. 23 — Greater Chicago Auto Auction, Chicago; Newburgh Auto Auction, Newburgh, N.Y.; and South Seattle Auto Auction, Kent, Wash.

Jan. 24 — Atlanta Auto Auction, Red Oak, Ga.; Baltimore-Washington Auto Exchange, Baltimore; Fort Worth Auto Auction, Fort Worth, Texas; Southern California Auto Auction, Fontana, Calif.; Salt Lake Auto Auction, Salt Lake City.

Jan. 25 — Greensboro Auto Auction, Greensboro, N.C.; Interstate Auto Auction, Mercer, Pa.; Brasher's Sacramento Auto Auction, Rio Linda, Calif.; and St. Louis Auto Auction, Bridgeton, Mo.

Jan. 30 — Ohio Auto Auction, Grove City, Ohio, and Bay Cities Auto Auction, Hayward, Calif.

Jan. 31 — Albuquerque Auto Auction, Albuquerque, N.M.; Texas Hobby Auto Auction, Houston; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Greater Tampa Bay Auto Auction, Tampa, Fla.

Chrysler Motors

Jan. 16 — Hatfield Auto Auction, Hatfield, Pa.; American Auto Auction, Walpole, Mass.; Arena Auto Auction, Chicago; Salt Lake City Auto Auction, Salt Lake City; South Seattle Auto Auction, Kent, Wash.; Greensboro Auto Auction, Greensboro, S.C.; and San Antonio Auto Auction, San Antonio, Texas.

Jan. 17 — A.D.E. of Birmingham, Moody, Ala.; Butler Auto Auction, Gibsonia, Pa.; and Denver Auto Auction, Aurora, Colo.

Jan. 18 — Northway Auto Ex-

Model-year breakdown

Model Year	1st half Jan.
1989	1,000
1988	1,000
1987	1,000
1986	1,000
1985	1,000
1984	1,000
1983	1,000
1982	1,000
1981	1,000
1980	1,000
1979	1,000
1978	1,000
1977	1,000
1976	1,000
1975	1,000
1974	1,000
1973	1,000
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1958	1,000
1957	1,000
1956	1,000
1955	1,000
1954	1,000
1953	1,000
1952	1,000
1951	1,000
1950	1,000

change, Clifton Park, N.Y.; Aptco Auto Auction, Taylor, Mich.; Big Sky Auto Auction, Billings, Mont.; Omaha Auto Auction, Omaha, Neb.; Golden Gate Auto Auction, Fremont, Calif.; and Ark-La-Tex Auto Auction, Shreveport, La.

Jan. 23 — Clanton's Auto Auction, Darlington, S.C.; Southern Auto Auction, Warehouse Point, Conn.; Portland Auto Auction, Portland, Ore.; Nashville Auto Auction, Nashville, Tenn.; Southwest Auto Auction, Chandler,

Ariz.; and Dallas Auction, Grand Prairie, Texas.

General Motors

Jan. 16 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; Fresno Auto Dealers Auction, Fresno, Calif.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Jan. 17 — Albuquerque Auto Auction, Albuquerque, N.M.; Atlanta Auto Auction, Atlanta; Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Mississippi Auto Auction, Hattiesburg, Miss.; and Omaha Auto Auction, Omaha, Neb.

Jan. 18 — Arena Auto Auction, Chicago; Columbus Fair Auto Auction, Columbus, Ohio; St. Louis Auto Auction, St. Louis; and Utah Auto Auction, West Bountiful, Utah.

Jan. 23 — A.D.E. of Birmingham, Moody, Ala.; National Auto Dealers Exchange, Bordentown, N.J.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Jan. 24 — Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's

Summit, Mo.; Minneapolis Auto Auction, Plymouth, Minn.; and Statesville Auto Auction, Statesville, N.C.

Jan. 25 — Aptco Auto Auction, Taylor, Mich.; Butler Auto Auction, Gibsonia, Pa.; Nashville Auto Auction, Nashville, Tenn.; and Portland Auto Auction, Portland, Ore.

Jan. 30 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; Manheim Auto Auction, Manheim, Pa.; and Florida Auto Auction, Ocoee, Fla.

Toyota

Jan. 16 — Denver Auto Auction, Aurora, Colo.; Greater Chicago Auto Auction, Chicago; Newburgh Auto Auction, Newburgh, N.Y.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Jan. 18 — St. Louis Auto Auction, Bridgeton, Mo.; Clanton's Auto Auction, Darlington, S.C.

Jan. 23 — South Seattle Auto Auction, Kent, Wash.

Jan. 24 — Aptco Auto Auction, Taylor, Mich.

Jan. 25 — Dallas Auto Auction, Grand Prairie, Texas.

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IMPORT
DAYS' SUPPLIES

	Jan. 1	Dec. 1	Jan. 1
Chevrolet	156	122	141
Chrysler Motors	158	119	188
Acura	77	81	85
Daihatsu	58	45	83
Honda	38	29	14
Isuzu	67	95	188
Lexus	30	27	—
Mazda	82	84	95
Mitsubishi	189	146	105
Nissan	135	98	86
Subaru	102	106	79
Suzuki	501	359	—
Toyota	58	62	19
JAPAN	85	74	56
Audi	154	143	158
BMW	87	73	86
Mercedes-Benz	32	35	31
Mercury	82	8	180
Porsche	95	87	80
VW	129	116	131
GERMANY	91	81	95
Alfa Romeo	108	177	125
Ford	116	122	136
Hyundai	87	58	86
Jaguar	45	31	38
Peugeot	90	90	95
Pontiac	138	180	75
Exotic/Chrysler	88	116	224
Saab	83	76	81
Starling	72	73	156
Volvo	87	53	94
Yugo	130	119	140
Other Countries	85	88	90
Total Import Cars	86	74	86
Daihatsu	32	18	—
Geo Tracker	202	185	—
Isuzu	76	83	183
Mazda	88	84	79
Mitsubishi	87	77	187
Nissan	57	38	47
Range Rover	34	37	21
Suzuki	229	229	89
Toyota	42	56	37
Dodge	129	106	153
Total Imp. Trucks	71	68	68
Total Imp. Vehicles	83	73	87

*Excludes domestic trucks
*Excludes domestic vehicles

Sales famine fattens car stockpile

By Philip Morris
AUTOMOTIVE NEWS STAFF REPORTER

New-car inventories and days' supply figures rose in December even though eight assembly plants closed, the Big 3 bolstered their rebate programs and dealers' continued efforts to curb orders and cut their car supplies to the bare bones.

December's dismal sales pace pushed stocks and days' supply of domestic and imported cars beyond what is considered normal for the beginning of the year. New-car sales in December plunged 21.40 percent below December 1988.

Automakers and dealers paid dearly for late summer incentive excesses that robbed sales from the last three months of 1989.

In the final quarter, car sales never recovered from 1989's strong third-quarter performance. In every one of the nine 10-day sales periods in the fourth quarter, domestic sales lagged behind 1988 periods. Total domestic and import car deliveries plummeted nearly 340,000 units or 16.75 percent below the final quarter of 1988.

U.S. and import carmakers and dealers began 1990 with a bulging 90-day supply of new cars, up from an already-inflated 83 days on Dec. 1. A year ago, U.S. and import car stocks equaled a nearly ideal 67 days.

A 92-day domestic car supply was the highest for any Jan. 1 since 1984, which began with a 107-day supply of unsold cars. An equally

bloated 86-day import car supply was the fattest since 1982, when *Automotive News* started tracking import stocks.

There was no recovery in retail sales during the last month of 1989, and dealers told *Automotive News* that they were keeping 30- to 45-day supplies and were not placing orders.

After last month's "disastrous sales," Bob Karlin, owner of Santa Monica (Calif.) Ford, said he was keeping a close watch on stocks and had a 30- to 45-day supply of cars.

"We're not buying anything — sales have been poor in all our stores and traffic is down," said Ed Walker, owner of Porsche, Audi, Subaru, Dodge, Volkswagen, Suzuki, Jeep-Eagle and Pontiac dealerships in Pittsburgh.

Greg Penske, vice president and new-car general sales manager at Longo Toyota in El Monte, Calif., said the largest U.S. Toyota store has a 30-day supply and is "right where we want to be according to plans for 1990."

On Jan. 1, combined stocks of import and U.S.-built cars totaled 2,333,110. That was up 53,049 units or 2.33 percent from Dec. 1.

Stocks of unsold U.S.-built cars numbered 1,659,374 on hand Jan. 1, just 10,871 more than on Dec. 1. But the Jan. 1 total was a 92-day stockpile vs. 88 a month earlier.

During December, import-car stocks grew to 663,736, up 42,178 units or 6.80 percent, for a hefty

86-day supply. Last month began with a 74-day supply.

Although the actual number of unsold cars grew slightly in December, the weak daily selling rate last month severely inflated days-supply statistics.

One year ago, there were more import cars in stock, but a faster daily selling rate yielded a lower 66-day supply.

Four of the eight companies that build cars in the United States reported over 100-day supplies of domestic and import autos on Jan. 1. Including captive imports, Chrysler Motors and General Motors reported supplies above 100 days. Ford Motor Co.'s days' supply was 98 days.

Two of the five transplants also topped 100-day supplies of U.S.-built and imported cars because of sluggish December sales.

In spite of sales gains in calendar 1989, Nissan began the year with more than five months' — 148 days — worth of cars in stock, transit or at ports.

Mitsubishi's refused to disclose its inventories of imported and U.S.-built cars. *Automotive News* estimated that on Jan. 1, it had a 219-day supply.

The other transplants — Honda, Toyota and Mazda — reported fatter combined car stocks than on Dec. 1. Honda began the month with a slim but higher 35-day supply. Toyota's total rose slightly but its days' supply dipped to 44, down 4. Mazda's 71-day supply was the same as on Dec. 1.

DOMESTIC
DAYS' SUPPLIES

	Jan. 1	Dec. 1	Jan. 1
Talon	70	81	—
Premier	247	210	186
Total Eagle	139	138	166
Horizon	181	104	134
Laser	145	148	—
Sundance	92	58	70
Reliant	80	70	84
Acclaim	94	75	42
Caravelle	—	—	120
Gran Fury	—	—	43
Total Plymouth	106	80	75
LeBaron K	—	—	94
LeBaron J	122	154	79
LeBaron GTS	324	250	154
Fifth Avenue (rwd)	157	104	185
Fifth Avenue (fwd)	106	107	—
Imperial	50	82	—
New Yorker C	141	125	44
New Yorker E	—	—	177
Total Chrysler	115	130	71
Omni	142	116	125
Shadow	86	48	87
Daytona	150	152	118
Aries	86	88	53
Lancer	322	285	246
Spirit	85	82	29
Diplomat	—	—	52
Dynasty	80	59	36
Dodge 600	—	—	116
Total Dodge	84	76	85
CHRYSLER MTRS.	100	80	73
Escort	137	146	84
Mustang	123	92	79
Tempo	85	91	55
Taurus	62	64	59
Thunderbird	134	98	57
Probe	157	132	76
Crown Victoria	85	106	74
Total Ford Div.	102	101	89
Tracer/Lynx	85	73	165
Topaz	100	112	88
Sable	86	92	77
Cougar	122	109	54
Grand Marquis	87	83	61
Total Mercury	96	95	76
Continental	84	81	29
Town Car	56	33	45
Mark VII	125	83	124
Total Lincoln	64	45	48
Total L-M Div.	84	75	86
FORD MOTOR CO.	96	92	88
Skyhawk	92	74	167
Somerset/Skyhawk	105	101	116
Century	79	94	72
Regal	145	160	91
LeSabre	84	70	83
Regatta	205	83	177
Electra	122	101	101
Riviera	97	85	86
Total Buick	96	95	85
Cimarron	—	—	26
Allante	189	102	282
Seville	57	61	56
DeVille	96	78	42
Brougham	57	50	56
Eldorado	97	86	78
Total Cadillac	94	70	51
Geo Prizm/Novo	75	132	94
Cavalier	70	91	49
Camaro	211	146	75
Celebrity	119	109	62
Corona/Beretta	158	138	90
Lumina/Monte Carlo	101	94	51
Caprice	77	76	64
Corvette	94	85	110
Total Chevrolet	102	108	71
Calais	96	87	104
Cutlass Ciera	111	83	65
Cutlass Supreme	133	156	92
88	105	104	95
90	115	90	70
Toronado	75	63	107
Total Oldsmobile	112	103	83
Fiero	—	—	64
Sunbird	75	83	52
Firebird	188	155	116
Grand Am	80	86	39
Pontiac 6000	85	99	70
Grand Prix	143	120	100
Bonneville H	99	96	92
Safari/Parisienne	—	—	107
Total Pontiac	98	101	87
GENERAL MTRS.	101	99	73
HONDA	32	30	12
MAZDA	110	114	98
MIITSUBISHI	77	67	—
NISSAN	215	98	56
TOYOTA	26	23	20
DOM. TOTAL	92	88	67
Subcompact	63	62	50
Compact	75	78	58
Intermediate	107	99	72
Standard	87	78	68
Specialty	116	86	117

*Estimates

Bruce expects Infiniti sales to improve

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

CARSON, Calif. — Infiniti insists it is not disappointed in early sales results but promises they will improve in the months ahead.

In the Nissan luxury division's first seven weeks of business, sales totaled 1,723 cars — 1,072 Q45s and 651 M30s. If taken as a single reporting period, the Nov. 8-Dec. 31 total works out to 34 cars for each of the 50 dealers open at the outset, said William Bruce, Infiniti general manager.

"That's about right on," Bruce said. "By yearend, we'll be averaging 40 a month for each dealer."

That is the closest Infiniti has come to publicly announcing a sales goal. Bruce has insisted all along Infiniti should not be judged on the basis of sales alone and that the division has a lower sales target than Toyota's Lexus luxury division, which opened Sept. 1.

The math for Infiniti works out to roughly 30,000 units for 1990, or half the recently lowered Lexus 1990 goal of 60,000 sales. Averaging 40 cars a month, the initial 50 dealers would account for 24,000 units. Additional sales would come from another 20 or so dealers scheduled to open this year.

Officials in Japan have indicated that U.S.-bound production of



Infiniti has sold 1,072 Q45s in its first seven weeks of business.

the M30 and Q45 would be about 32,000 units for the year.

"A lot of people are wringing their hands because Infiniti is only selling at a third the level Lexus is, but Infiniti never intended to sell as many as Lexus," said George Peterson, president of the AutoPacific Group, a Newport Beach, Calif., consultancy.

"If they sell half as many as Lexus, they'll be successful in their own minds."

But Infiniti and its dealers will have to work hard to reach Bruce's sales-per-dealer target, said Christopher Cedergren, senior analyst at J.D. Power and Associates, Agoura Hills, Calif.

"The whole luxury car market is slowing down a bit," Cedergren said. Between the general economy and two new Japanese competitors,

it's increasingly a buyers' market for luxury cars, he noted.

One surprise in the early report is that sales of the M30 entry-level coupe are running better than anticipated, at 38 percent of total sales. Officials in Japan had said the M30 would account for about one-third of production.

Lexus is struggling to boost sales of its entry-level model, the ES250 sedan. Despite new advertising that focuses directly on the car, some dealers are starting to deeply discount the smaller sedan.

While Lexus expects to sell its original target of 40,000 LS400 models in 1990, it will sell only 20,000 ES250s, not the original target of 30,000, said J. Davis Illingworth, general manager.

In 1989 Lexus sold 16,302 cars — 11,574 LS400s and 4,728 ES250s.

from vehicles that are running or that are parked for more than a day.

The EPA proposes to remedy both problems by revising test procedures used to certify all vehicles.

Following publication of the proposal, the EPA will hold a public hearing and then allow a 30-day public comment period.

EPA may cut hydrocarbons in gas-fueled vehicles

WASHINGTON — The EPA has proposed a rule that would reduce hydrocarbon vapors that escape from gasoline-fueled vehicles.

The EPA said the proposal would cut emissions of volatile organic compounds — a form of hydrocarbon that contributes to smog — from cars and light and heavy trucks by 5 percent.

To comply, manufacturers would most likely use larger charcoal canisters to capture more of the vapors and make changes that would more efficiently channel the vapors to the engine, the EPA said. The changes would add about \$10 to the price of a new vehicle.

The EPA said the proposed rule would affect evaporative emissions

GM

FROM PAGE 2

1991 and 1992 model year programs are safe.

Programs under scrutiny are for the 1993 model year and beyond. Of those, high-volume, high-profit margin and low-investment programs are being protected.

The 1993 Buick Century and Oldsmobile Ciera program, high-volume cars in the bread and butter mid-size segment, are among the protected programs.

Those in jeopardy are niche vehicles that generate low volumes and no significant market share gains. Cadillac, for example, recently scrapped its LSS concept, an all-new model that was to compete against European and Japanese luxury models. An Oldsmobile exclusive model planned for 1995 was pushed back a year to 1996.

Minor year-to-year cosmetic redesigns also are being dumped.

GM will reinstitute programs to reduce the salaried workforce in North America which totals 107,000 people. The same programs were in effect from January to April 1988 and resulted in the cut of 40,000 jobs from mid-1986 to April 1988.

GM said no targets for headcount reduction have been set. But, late last year, an internal study indicated that GM could cut headcount by up to 5 percent annually over an unspecified timeframe.

Employees under age 53 will receive special payments to leave the company based on their length of service. The program is in effect from March 1 to June 30.

Employees 53 and older will be eligible for an early retirement incentive. Payment is based on length of service. The early retirement provisions are in effect from April 1 to September 1. Both programs require mutual agreement by employee and management.

INCENTIVE WATCH

CUSTOMER INCENTIVES

	Rebates	Finance Rates (Pct.) — Months —				Expiration Date
		24	36	48	60	
Chrysler Motors (1988-89 models)						
Chrysler	\$500-\$1,000	6.9	7.9	9.9	9.9	None
Dodge cars	\$500-\$1,000	6.9	7.9	9.9	9.9	None
Dodge trucks	\$500-\$2,500	6.9	7.9	9.9	9.9	None
Eagle	\$750-\$1,200	6.9	7.9	9.9	9.9	None
Jeep	\$500-\$1,000	6.9	7.9	9.9	9.9	None
Plymouth	\$500-\$1,000	6.9	7.9	9.9	9.9	None
Chrysler Motors (1990 models)						
Chrysler	\$500-\$1,000	6.9	7.9	9.9	9.9	None
Dodge cars	\$300-\$1,000	6.9	7.9	9.9	9.9	None
Dodge trucks	\$500-\$2,000	6.9	7.9	9.9	9.9	None
Eagle	\$500-\$2,000	6.9	7.9	9.9	9.9	None
Jeep	\$500-\$1,000	6.9	7.9	9.9	9.9	None
Plymouth	\$300-\$750	6.9	7.9	9.9	9.9	None
Chrysler Motors (1990 models, guaranteed rebates*)						
Chrysler	\$1,000	6.9	7.9	9.9	9.9	Jan. 31
Dodge	\$1,000-\$1,500	6.9	7.9	9.9	9.9	Jan. 31
Dodge Trucks	\$1,000 - \$2,000	6.9	7.9	9.9	9.9	Jan. 31
Eagle	\$1,000-\$2,000	6.9	7.9	9.9	9.9	Jan. 31
Plymouth	\$1,000	6.9	7.9	9.9	9.9	Jan. 31
All minivans	\$1,000	3.9	4.9	7.9	9.9	Jan. 31
*—Dealer will receive any increase in rebate through Sept. 30, 1990.						
Ford Motor Co. (1989 models)						
Ford cars	\$750-\$1,000	6.9	8.9	9.9	10.9	Feb. 5
Ford trucks	\$500-\$1,250	6.9	8.9	9.9	10.9	Feb. 5
Mercury	\$1,000-\$1,500	6.9	8.9	9.9	10.9	Feb. 5
Mercury	\$3,000-\$4,000					Feb. 5
Ford Motor Co. (1990 models)						
Ford cars	\$750-\$1,000	6.9	8.9	9.9	10.9	Feb. 5
Ford trucks	\$500-\$1,250	6.9	8.9	9.9	10.9	Feb. 5
Lincoln Continental, Mark VII	\$1,500					Mar. 31
Mercury Topaz, Cougar, Sable	\$750-\$1,000	6.9	8.9	9.9	10.9	Feb. 5
Finance incentives on Aerostar, Taurus, Taurus SHO and Sable are 4.9, 4.9, 4.9, and 10.9.						
General Motors (1989 models)						
Chevrolet cars	\$300-\$1,000	6.9	8.9	9.9	10.9	Feb. 2
Chevrolet trucks	\$500-\$1,250	6.9	8.9	9.9	10.9	Feb. 2
GMC	\$500-\$1,250	6.9	8.9	9.9	10.9	Feb. 2
Olds Cutlass Supreme	\$1,500	4.8	4.8	4.8	10.9	Feb. 2
Other Oldsmobile	None	6.9	8.9	9.9	10.9	Feb. 2
Pontiac Grand Prix	\$1,000	4.8	4.8	4.8	10.9	Feb. 2
Other Pontiac	\$750 - \$1,000	6.9	8.9	9.9	10.9	Feb. 2
General Motors (1990 models)						
Buick	\$200-\$1,250*	6.9	8.9	9.9	10.9	Feb. 2
Chevrolet cars**	\$800-\$1,500	6.9	8.9	9.9	10.9	Feb. 2
Chevrolet trucks	\$500-\$1,250	6.9	8.9	9.9	10.9	Feb. 2
GMC	\$800-\$1,250	6.9	8.9	9.9	10.9	Feb. 2
Olds Cutlass Supreme	\$1,000	4.8	4.8	4.8	10.9	Feb. 2
Other Oldsmobile	None	6.9	8.9	9.9	10.9	Feb. 2
Pontiac Grand Prix	\$1,000	4.8	4.8	4.8	10.9	Feb. 2
Other Pontiac	\$750-\$1,000	6.9	8.9	9.9	10.9	Feb. 2
*—Based on option package selected. **—Finance rates on Chevrolet Lumina are 4.9, 4.9, 4.9, and 10.9.						
Hyundai Excel (1989, 1990)	\$300-\$1,000					Mar. 5
Mitsubishi Eclipse (1990)	\$1,000					Jan. 31
Sterling (1989 models)	\$5,000					Mar. 31
Subaru (1989 models) Justy ECVT	\$1,000					Feb. 22
Other Justy	\$500					Feb. 22
XT, XT6	\$1,000-\$3,000*					Feb. 22
*—Rebates go to the customer in some regions and to the dealer in other regions.						
Suzuki (1989 models) Swift	\$500-\$2,000					Mar. 31
Samurai	\$1,000					Mar. 31
Sidekick	\$500-\$3,000					Mar. 31

Automakers expand, revise incentives

By Ariana Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

Several automakers and importers started the new year by adjusting, expanding or discontinuing their incentive programs.

Chrysler Corp. dropped the \$250 dealer incentive on its 1990 minivans and expanded its "Guaranteed Rebate" program to customers to include 1990 Plymouth Sundance and Acclaim; Dodge Dynasty, Shadow and Spirit; and Chrysler New Yorker Landau and Salon models.

Retail purchasers or leasees taking delivery by Jan. 31 are eligible for a rebate of \$1,000. If a higher rebate is offered on those vehicles by Sept. 30, Chrysler will pay the customer the difference.

Also, Chrysler increased the customer rebates on 1989 Dodge Shadow, Spirit and Dynasty; Chrysler New Yorker; and Plymouth Acclaim and Sundance models to \$1,000.

Special finance rates ranging from 6.9 percent to 9.9 percent are available in lieu of rebates. The program runs indefinitely.

Ford Motor Co. increased the customer cash rebate on its 1990 Lincoln Continental from \$1,000 to \$1,500 and added the 1990 Lincoln Mark VII to the program. The offer ends March 31.

Also, Ford dropped some vehicles from its dealer incentive program that expired Jan. 9 and extended the program on others. Still included are the 1989 Ranger, \$250

to 750; 1989-90 Taurus SHO, \$500; 1990 Ranger, \$250; and 1989-90 Bronco II, \$250. The dealer rebates end Feb. 5.

Dealer incentives on Chevrolet cars and trucks, Pontiac cars and GMC Trucks have expired.

Dealer incentives on all Buicks except 1989 and 1990 Reatta, Riviera and Park Avenue Ultra also have expired. The Oldsmobile dealer rebates on 1989 and 1990 vehicles continue until Feb. 2.

Toyota Motor Sales U.S.A. announced a new dealer incentive program to replace one that ended Jan. 3. Rebates on Tercel, Camry and Corolla are \$400 to \$1,200 on 1989 models and \$100 to \$800 on 1990 models. The payment to dealers is \$2,000 on 1989 Supras. Truck rebates to dealers are: 1990 4x4 pickup, \$300; all 1989 and 1990 4x2 pickups except the base model, \$600; 1989 and 1990 base model 4x2 pickup truck, \$1,000; 1990 4Runner, \$600; and 1989 cargo/panel and passenger vans, \$3,000. Toyota's dealer incentive program expires Feb. 2.

Nissan Motor Corp. in U.S.A. is offering dealer incentives on several vehicles: 1988 and 1989 Pulsar NX, \$2,000 in California and \$1,000 elsewhere; 1988-90 Sentra and pickups, up to \$1,000, varying by region; 1988-89 Pathfinder, \$500; and 1990 Axxess, \$1,000.

Peugeot Motors of America announced factory-to-dealer cash incentives on all 1989 and 1990 cars. Dealers earn \$1,000 to \$2,000 per car depending on the number of cars sold. The Peugeot program runs indefinitely.

Subaru of America adjusted its dealer and customer cash incentive programs. The 1989 XT and XT6 carry a \$1,000 to \$3,000 rebate, which goes to the customer in some regions and to the dealer in others.

The \$200 dealer cash payment on the 1989 Justy ECVT has been extended, and a \$1,000 customer rebate has been added to that car. All other 1989 Justy models carry a \$500 customer rebate.

Suzuki of America announced the following customer rebates on 1989 vehicles:

Samurai, \$1,000; Swift GT, manual transmission, \$1,000; Swift GT, automatic, \$2,000; Swift GA, California only, \$500; Swift GLX, \$1,000; Sidekick JA, \$500; Sidekick JX, softtop, \$2,000; Sidekick JX, softtop, \$3,000 in California and \$2,000 elsewhere; Sidekick JX hardtop, \$3,000 and Sidekick JX, hardtop, \$3,000.

Suzuki dealer incentives include the 1990 Swift GA, \$400; 1990 Sidekick JX, softtop, \$700 (softtop) and \$1,500 (hardtop). The Suzuki programs expire March 31.

Volkswagen of America discontinued its cash-to-customer program on 1989 models and is now offering that cash exclusively to dealers on remaining 1989 cars and Vanagons.

Rebates are: Fox, \$600-\$1,000; Golf, \$1,000; Golf GL, \$1,200; GTI, \$2,000; base Jetta, \$1,000; Jetta GL, \$1,500; Jetta Diesel, \$1,500; Jetta Wolfsburg, \$2,000; Jetta Carat, \$2,000; Jetta GLI, \$2,500; Cabriolet, \$1,000; Vanagon, \$3,000; and Vanagon Camper, \$4,000.

Hyundai Motor America is offering its retail customers \$500 on 1989-90 base Excels; \$750 on 1989-90 Excel GL and GS; and \$1,000 on 1989-90 Excel GLS. Hyundai dealers get a rebate of \$500 on each 1989 Excel. Customer and dealer programs expire March 5.

Sterling Motor Cars is offering a \$5,000 retail rebate on 1989 cars through March 31.

INCENTIVE WATCH

DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler (1989 models)		
TC by Maserati	\$6,000	None
Ford Motor Co. (1989 models)		
Taurus SHO	\$500	Feb. 5
Ford Ranger	\$250-\$750, quota	Feb. 5
Bronco II	\$250	Feb. 5
Ford Motor Co. (1990 models)		
Taurus SHO	\$500	Feb. 5
Ford Ranger, Bronco II	\$250	Feb. 5
General Motors (1989 models)		
Buick Regal	\$1,500	Feb. 2
Chevrolet Corvette	\$2,000-\$4,000, quota	Feb. 2
Oldsmobile	\$500-\$2,500	Feb. 2
General Motors (1989-90 models)		
Buick (1990 only)	\$1,000-\$2,000 on Reatta, Riviera, Park Avenue Ultra	Feb. 2
Chevrolet Geo Tracker	\$1,000	Feb. 2
Oldsmobile (1990 only)	\$500-\$1,000, quota	Feb. 2
Hyundai Excel (1989)	\$500	Mar. 5
Isuzu (1989 models)		
Impulse, I-Mark	\$300	Mar. 31
Trooper	\$500-\$1,500, quota	Mar. 31
Pickup	\$500-\$700	Mar. 31
Isuzu (1990 models)		
Trooper	\$500-\$1,500, quota	Mar. 31
Pickup	\$500-\$700, quota	Mar. 31
Nissan (1988-89 models)		
Pulsar NX	\$1,000 \$2,000 in Calif.	Jan. 31 Jan. 31
Pathfinder	\$500	Mar. 2
Nissan (1989-90 models)		
Sentra, pickups	Up to \$1,000*	Mar. 2
1990 Axxess	\$1,000	Mar. 2
*—Payment varies by region.		
Peugeot (1989-90 models)		
	\$1,000-\$2,000	None
Subaru (1989 models)		
Justy ECVT	\$200	Feb. 22
XT, XT6	\$1,000-\$3,000*	Feb. 22
*—Rebates go to the customer in some regions and to the dealer in other regions.		
Suzuki (1990 models)		
Swift	\$400	Mar. 31
Sidekick	\$700-\$1,000	Mar. 31
Toyota (1989 models)		
Cars	\$400-\$2,000, some based on quota	Feb. 2
Trucks	\$300-\$3,000	Feb. 2
Toyota (1990 models)		
Cars	\$100-\$800, some based on quota	Feb. 2
Trucks	\$300-\$1,000	Feb. 2
Volkswagen (1989 models)		
Cars	\$800-\$2,500	None
Vanagon	\$3,000-\$4,000	None

PRODUCTION

Output blues spread to transplants

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

Along with the 38 Big 3 assembly plants that have been or will be temporarily idled this month, one transplant and one joint-venture company will also scale back output.

Mazda Motor Manufacturing (U.S.A.) Corp. will trim its schedule later this month from 62 cars per hour to 55 per hour. Mazda will place workers in training programs instead of laying them off.

Also, Diamond-Star Motors, a joint venture between Chrysler Corp. and Mitsubishi, has eliminated overtime and plans to make minor line speed cutbacks this month.

Last week's scheduled auto production of 48,551 jumped 24.48 percent from the prior week but fell 66.83 percent from the year-ago week.

Last week's estimated production was split as follows: Ford Motor Co., 25.01 percent; Honda of America Manufacturing, 15.26 percent; General Motors, 14.79 percent; Toyota Motor Manufacturing U.S.A., 8.85 percent; Mazda, 8.85 percent; New United Motor Manufacturing Inc., 8.44 percent; Chrysler Motors, 7.00 percent; Diamond-Star Motors, 5.75 percent; Nissan Motor Manufacturing Corp. U.S.A., 4.90 percent; and Subaru-Isuzu Automotive, 1.15 percent.

Truckmakers planned production of 31,391 units last week, 12.39 percent below the previous week and 63.89 percent below the year-ago week.

All assembly plants are idle today in observance of Martin Luther King Jr. Day.

Ford extended the holiday for the remainder of the week at its Edison, N.J.; Lorain, Ohio; and St. Louis plants.

Chrysler's St. Louis No. 1 and Sterling Heights, Mich., plants are idle this week. The company's Warren, Mich., plant will be closed Jan. 22 to Feb. 5 because of sluggish sales.

Chrysler will shut down its Belvidere, Ill.; Toledo, Ohio; and Newark, Del., facilities Feb. 5 for one week to adjust inventory.

GM facilities that are closed until Jan. 22 due to poor sales are: Lansing, Mich.; Grand Am line; Shreveport, La.; Flint, Mich.; Baltimore; Pontiac West in Pontiac, Mich.; Bowling Green, Ky.; Doraville, Ga.; and the Fairfax plant in Kansas City, Kan. The Van Nuys, Calif., plant will be closed until Feb. 5.

Canadian cars far behind '89

Canadian automakers targeted production of 10,525 cars last week, more than double the prior week's total but 44.21 percent below the year-ago week.

So far this year, 14,571 cars have been built, 53.50 percent below last year's tally at this time.

Truck output was scheduled at 11,224 units last week, 0.18 percent below the previous week and 41.56 percent below the year-ago week.

U.S. CAR	Week Ended Jan. 13, 1990	Week Ended Jan. 14, 1989	Week Ended Jan. 6, 1989	Jan. to Date	Jan. 1 to Jan. 13, 1990	Jan. 1 to Jan. 14, 1989
Horizon	0	0	897	897	897	0
Sundance	1,800	2,355	1,529	3,329	3,329	5,061
Accclaim	0	1,302	0	0	0	2,114
Total Plymouth	1,800	3,657	2,426	4,226	4,226	7,175
LeBaron J	0	2,259	0	0	0	4,684
LeBaron GTS	0	244	0	0	0	418
N. Yorker C-Class	0	2,212	0	0	0	4,937
Fifth Avenue	0	0	0	0	0	0
Imperial	0	0	0	0	0	0
Total Chrysler	0	4,715	0	0	0	10,039
Omni	0	0	1,027	1,027	1,027	0
Daytona	0	2,301	0	0	0	4,699
Shadow	1,600	2,181	1,775	3,375	3,375	4,956
Dynasty	0	2,785	0	0	0	6,389
Lancer	0	182	0	0	0	393
Spirit	0	1,320	0	0	0	2,406
Total Dodge	1,600	8,769	2,802	4,402	4,402	18,843
CHRYSLER MOTORS	3,400	17,141	5,228	8,628	8,628	36,057
Escort	3,000	9,185	2,156	5,156	5,156	15,862
Mustang	0	4,447	2,973	2,973	2,973	7,548
Tempo	0	4,040	0	0	0	7,065
Taurus	4,173	8,609	3,414	7,587	7,587	15,064
Thunderbird	0	3,063	0	0	0	5,547
Total Ford Div.	7,173	29,344	8,543	15,716	15,716	51,086
Topaz	0	1,490	0	0	0	2,666
Cougar	0	3,086	0	0	0	5,543
Sable	1,049	2,954	778	1,827	1,827	5,290
Total Mercury	1,049	7,530	778	1,827	1,827	13,499
Continental	868	1,506	827	1,695	1,695	3,012
Mark VII	431	781	397	828	828	1,505
Town Car	2,621	2,349	2,452	5,073	5,073	4,518
Total Lincoln	3,920	4,696	3,676	7,596	7,596	9,035
Total L-M Div.	4,969	12,226	4,454	9,423	9,423	22,534
FORD MOTOR CO.	12,142	41,570	12,987	25,139	25,139	73,620
Skyhawk	0	338	0	0	0	1,198
Skyline/Somerset	0	287	0	0	0	271
Century	0	3,451	0	0	0	6,050
Riviera	0	623	0	0	0	1,105
Electra	2,327	1,197	0	2,327	2,327	3,607
LeSabre (hwd)	0	0	0	0	0	0
LeSabre (rwd)	138	214	174	312	312	396
Reatta	189	269	0	189	189	500
Total Buick	2,654	6,379	174	2,828	2,828	13,127
Eldorado	0	751	0	0	0	1,280
Seville	0	562	0	0	0	973
Brougham (rwd)	0	1,077	0	0	0	2,378
DeVille (hwd)	0	4,121	0	0	0	7,446
Allante	75	75	60	135	135	135
Total Cadillac	75	6,586	60	135	135	11,912
Cavalier	0	9,220	0	0	0	16,314
Camaro	0	2,485	0	0	0	4,532
Celebrity	0	4,520	0	0	0	8,096
Cornica/Beretta	0	9,002	0	0	0	15,562
Caprice	1,385	3,484	1,046	2,431	2,431	6,509
Corvette	0	450	0	0	0	810
Total Chevrolet	1,385	29,161	1,046	2,431	2,431	51,823
Cali	0	479	0	0	0	464
Cutlassiera	0	1,678	0	0	0	3,028
Cutlass Supreme	0	3,646	0	0	0	3,630
Toronado	0	324	0	0	0	543
86 (hwd)	1,723	2,790	0	1,723	1,723	7,227
86 (rwd)	0	227	0	0	0	592
96	0	1,412	0	0	0	3,845
Total Oldsmobile	1,723	10,556	0	1,723	1,723	19,229
Sunbird	0	2,507	0	0	0	4,507
Grand Am	0	4,794	0	0	0	8,892
Firebird	0	1,574	0	0	0	2,860
Grand Prix	0	4,000	0	0	0	4,060
Pontiac 6000	0	2,223	0	0	0	3,887
Bonneville	1,339	939	0	1,339	1,339	4,187
Safari/Pontiac	0	115	0	0	0	209
Total Pontiac	1,339	16,152	0	1,339	1,339	28,392
GENERAL MOTORS	7,176	68,834	1,280	8,456	8,456	124,483
DIAMOND-STAR	2,791	644	1,951	4,742	4,742	884
HONDA	7,410	7,482	5,957	13,387	13,387	13,206
Civic	5,689	2,420	4,520	10,209	10,209	4,431
Accord	1,721	5,062	1,437	3,158	3,158	8,775
MAZDA†	4,297	4,905	3,209	7,506	7,506	8,309
NISSAN	2,380	2,737	1,585	3,985	3,985	4,352
NUMMI	4,100	3,067	2,855	6,955	6,955	5,354
Corolla	2,100	1,473	1,350	3,450	3,450	3,051
Geo Prizm/Novo	2,000	1,594	1,505	3,505	3,505	2,303
SUBARU-ISUZU*	560	0	580	1,120	1,120	0
TOYOTA	4,295	0	3,382	7,677	7,677	0
Total Cars, U.S.	48,551	146,380	39,004	87,555	87,555	266,265
Total Cars, Canada	10,525	18,866	4,046	14,571	14,571	31,333
U.S., Canada Cars	59,076	165,246	43,050	102,126	102,126	297,598
U.S., Canada Cars and Trucks	101,691	271,384	90,124	124,594	124,594	495,658

Monthly estimates may contain error of one or two units due to rounding.

†-Total includes MX-6, R32, and Ford Probe

*-Estimated

CANADIAN CAR	Week Ended Jan. 13, 1990	Week Ended Jan. 14, 1989	Week Ended Jan. 6, 1989	Jan. to Date	Jan. 1 to Jan. 13, 1990	Jan. 1 to Jan. 14, 1989
Monaco	1,000	0	830	1,830	1,830	0
Premier	275	1,297	190	465	465	1,275
CHRYSLER MOTORS	1,275	1,297	1,020	2,295	2,295	1,275
Tempo	0	4,537	0	0	0	6,920
Topaz	0	1,198	0	0	0	2,740
Crown Victoria	2,692	2,947	0	2,692	2,692	4,983
Grand Marquis	3,068	2,891	0	3,068	3,068	4,911
FORD MOTOR CO.	5,760	11,573	0	5,760	5,760	19,554
Celebrity	0	198	0	0	0	389
Cutlassiera	0	3,780	0	0	0	7,005
Lumina	0	61	0	0	0	55
Regal	0	233	0	0	0	158
GENERAL MOTORS	0	4,252	0	0	0	7,587
HONDA	2,100	1,584	1,752	3,852	3,852	2,612
HYUNDAI*	310	0	310	620	620	0
TOYOTA	900	0	820	1,720	1,720	0
VOLVO	180	180	144	324	324	305
Total Cars, Canada	10,525	18,866	4,046	14,571	14,571	31,333
U.S. TRUCK	Week Ended Jan. 13, 1990	Week Ended Jan. 14, 1989	Week Ended Jan. 6, 1989	Jan. to Date	Jan. 1 to Jan. 13, 1990	Jan. 1 to Jan. 14, 1989
Caravan	1,900	2,444	2,193	4,080	4,080	4,416
Dakota	1,300	2,138	0	1,300	1,300	3,446
Caravan C/V	100	208	142	242	242	383
Ram pickups	1,600	2,141	0	1,600	1,600	3,443
Total Dodge	4,900	6,931	2,335	7,235	7,235	11,688
Cherokee	0	3,732	0	0	0	5,737
Comanche	0	630	0	0	0	1,081
Grand Wagoneer	0	350	0	0	0	585
Wagoneer	0	193	0	0	0	221
Total Jeep	0	4,911	0	0	0	7,604
Voyager	1,900	2,288	1,922	3,822	3,822	4,221
Town & Country	50	0	63	113	113	0
Total C-P Div.	1,950	2,288	1,985	3,935	3,935	4,221
CHRYSLER MOTORS	6,850	14,129	4,320	11,170	11,170	23,513
Aerostar	0	4,955	3,200	3,200	3,200	8,779
Bronco	1,153	1,878	0	1,153	1,153	3,502
Bronco II	0	2,761	2,212	2,212	2,212	4,659
Econoline	0	5,217	3,185	3,185	3,185	9,107
Mediums/Heavies	1,282	1,294	1,030	2,312	2,312	2,356
Light trucks	4,772	11,806	4,816	9,588	9,588	19,981
Ranger	0	7,441	3,196	3,196	3,196	12,243
Total Ford Div.	7,207	35,354	17,639	24,846	24,846	60,607
FORD MOTOR CO.	7,207	35,354	17,639	24,846	24,846	60,607
Astro	0	3,586	0	0	0	6,064
Blazer	0	539	0	0	0	1,033
Lumina APV	1,313	0	977	2,290	2,290	0
Mediums/Heavies	252	0	228	480	480	0
P-Model	0	0	0	0	0	0
Pickups	167	5,027	149	316	316	19,175
S-10	3,792	7,070	2,690	6,482	6,482	10,538
S-10 Blazer	123	4,246	0	123	123	7,136
Sportvan/Van	0	1,331	0	0	0	2,803
Suburban	0	1,514	0	0	0	2,800
Total Chevrolet	5,647	23,293	4,044	9,691	9,691	49,349
Jimmy	0	160	0	0	0	290
Mediums/Heavies	408	0	185	593	593	0
P-Model	0	0	0	0	0	0
Pickups	70	1,718	42	112	112	6,431
S-15	853	1,407	1,215	2,048	2,048	2,558
S-15 Jimmy	36	1,335	0	36	36	1,872
Safari	0	930	0	0	0	1,511
Suburban	0	571	0	0	0	1,243
Vandura/Rally Vans	0	444	0	0	0	762
Total GMC	1,347	6,563	1,442	2,789	2,789	14,667
Olds Silhouette	533	0	429	962	962	0
Pontiac Trans Sport	1,105	0	973	2,078	2,078	0
GENERAL MOTORS	8,632	29,856	6,888	15,520	15,520	64,016
NAVISTAR	1,632	1,592	905	2,537	2,537	2,757
NISSAN	3,080	3,252	2,068	5,128	5,128	5,104
SUBARU-ISUZU*	560	0	580	1,120	1,120	0
AM GENERAL*	450	450	450	900	900	810
MISCELLANEOUS*	3,000	2,300	3,000	6,000	6,000	4,140
Total Trucks, U.S.	31,391	86,932	35,830	67,221	67,221	180,947
CANADIAN TRUCK	Week Ended Jan. 13, 1990	Week Ended Jan. 14, 1989	Week Ended Jan. 6, 1989	Jan. to Date	Jan. 1 to Jan. 13, 1990	Jan. 1 to Jan. 14, 1989
Caravan	3,234	3,230	3,071	6,305	6,305	6,005
Caravan C/V	204	206	171	375	375	382
Ram Wagon	0	677	0	0	0	1,249
Ram Van	0	1,763	0	0	0	3,073</

Automotive News

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Pentagon cutback no Big 3 calamity

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Automakers and suppliers involved in defense work will lose business as Pentagon spending declines during a new era of peace and arms control. But the No. 2 man at the Pentagon said the losses are unlikely to be painful.

The Big 3 no longer make the tanks, heavy artillery and sophisticated weapons systems that are most at risk, said Donald Atwood, the former General Motors vice chairman who became deputy secretary of defense under President Bush. Atwood, 65, is credited with making GM one of the top 10 defense contractors through the purchase and operation of Hughes Aircraft Co.

Chrysler Corp. and Ford Motor Co. have put their defense operations on the block. Their operations are minuscule compared with GM's.

General Motors is the seventh largest defense contractor, with contracts valued at \$3.55 billion for fiscal 1988, the latest figures available from the Pentagon. The biggest part of GM's defense business is Hughes Aircraft Co., acquired in 1985 for about \$5 billion in a bidding war with Ford.

Despite the fading threat of the Warsaw Pact and Soviet Union, U.S. armed forces will continue to need conventional vehicles, which all three automakers can provide, Atwood said.

He sees defense electronics as a growth area for GM and Hughes as



Atwood considers defense electronics a growth area for GM Hughes and Ford Aerospace

well as for Ford Motor Co.'s Ford Aerospace subsidiary

Ford tries to sell Aerospace, Page 45

Their expertise in the area would be needed in the next 10 to 20 years, Atwood said in an interview.

"I foresee that Hughes has a tremendous research and development capability, which would still be a major player. Ford Aerospace and its BDM subsidiary are viable organizations that would continue to do research and development activity for the Department of De-

fense," Atwood said.

Lawrence Korb, assistant defense secretary from 1981-85, said that because the auto companies are defense subcontractors, "they really won't be hurt much at all."

Korb predicts a 5 percent loss in automakers' government contracts.

He is sympathetic with Ford and Chrysler management: "If defense is not your main business, it would be a good idea to get out now."

In the long term, reductions in defense spending could help the auto industry, said Christopher Caton, director of forecasting for DRI/McGraw-Hill. Defense cuts

through 1994 would lower the federal deficit enough for interest rates to drop 1.4 percentage points. The lower cost of borrowing would increase car sales 2.9 percent in 2000, Caton said.

Politicians and academicians versed in the give-and-take of defense budgets predict that big-bucks weaponry, such as the \$500 million-a-copy B-2 Stealth bomber, will take the first hits.

Among the Big 3, only GM stands to lose if those big projects go down. It won the contract to build the engine for the \$20 million-

DEFENSE, page 45

Jury slams Toyota over allocations

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

A Missouri jury has landed another blow to the controversial turn-to-earn allocation system with a \$5 million award to Fred Angle, an ex-Toyota dealer from Kansas City. The formula is used by many automakers to dispense cars to dealers.

Toyota Motor Sales U.S.A. says it will challenge the award given to Angle. The jury ruled the company had driven Angle's Toyota dealership out of business by purposely shorting its allocation of cars.

Angle, owner of Fred Angle Nissan, also in Kansas City, declined comment on the verdict handed down Jan. 12 in Clay County Circuit Court.

But his lawsuit focused on the turn-to-earn system, showing it can be used not only to reward dealers but also to punish them.

"Turn-to-earn" allocation systems, used by most domestic and import automakers, are based on the idea that dealers with high turnover get relatively more cars when there are product shortages. The jury ruled Toyota had misused the system to cut his allocation to six cars a month and drive Angle out of business.

Toyota declined comment on see TOYOTA, page 50

Chrysler to reduce sales of Mitsubishi cars, trucks

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Chrysler Motors will rely less on Mitsubishi Motors in 1990, importing and selling 37 percent fewer vehicles built by its Japanese partner than in 1989.

The cutback to 85,000 vehicles is the result of slackened product demand, diminished per-unit profits and reduced dependence on Mitsubishi by Chrysler.

The reduction in Chrysler Motors orders will probably force Mitsubishi Motors to cut production in Japan, a Mitsubishi spokesman said.

Mitsubishi also is expected to try to export to other global markets and to sell more Japanese-built units through Mitsubishi Motor Sales of America.

Michael Hammes, Chrysler Motors vice president of international operations, said the chief reason for the drop in 1990 Mitsubishi car volume is the softening of the U.S. auto market.

to both a weakened U.S. industry and weak profit margins in the lower end of the pickup truck market, Hammes said.

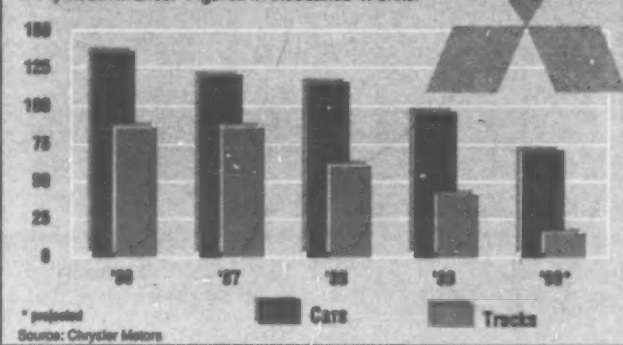
He said Chrysler's dependence on Mitsubishi is waning as the U.S. company develops more globally competitive products. The cutback in Japanese units also reflects Chrysler's desire to use its marketing muscle — and money — to develop its own brand images. And it reflects a weakening of the yen against the dollar, which has put pressure on Mitsubishi's profitability.

Hammes said he expects built-up import volumes to decline further in the future, although the most recent series of negotiations covered only 1990.

"As we get more competitive with the Japanese — and we are a lot more competitive with them — our use of Japanese products is going to keep declining," he said. "I do not see the relationship of imported vehicles growing. I see it declining over time. But that is not

Chrysler's captive imports

Vehicles built by Mitsubishi and sold as Dodge, Chrysler or Plymouth brands. Figures in thousands of units.



a surprise to Mitsubishi, ourselves or anybody else."

Chrysler and Mitsubishi Motors recently concluded 18 months of contract negotiations under which Chrysler in the 1990 calendar year agreed to sell an estimated 70,000 Mitsubishi cars and 15,000 Mitsubishi trucks.

Chrysler in 1989 sold 95,000 Mitsubishi cars and 40,000 Mitsubishi trucks. As recently as 1986,

Chrysler retailed 220,000 Mitsubishi-built units annually, which was its peak year.

Chrysler will also cut its 1990 purchases of Mitsubishi-built V-6 engines to 485,000 units, down from 520,000 engines in 1989. Chrysler introduced its own V-6 last year.

Chrysler in 1990 is dropping from its showrooms the Mitsubishi-

see CHRYSLER, page 48

New year brings sales upturn; cars, trucks up

By Charles M. Thomas
and Philby Murtha
AUTOMOTIVE NEWS STAFF REPORTERS

Economists and analysts have predicted slow sales for the first six months of the year. But apparently somebody failed to tell the customers.

A new round of incentives and warmer weather helped improve sales and shave bloated inventories in early January as U.S. car and light-truck makers reported a 45.50 percent surge over last year's slow Jan. 1-10 period. General Motors was the big gainer.

The rise in the daily selling rate was 27.32 percent because this year's period had eight selling days, one more than last year's. Last year's first 10 days were sluggish because rebates were scarce and there was payback from strong holiday sales in December.

see SALES, page 48



Another Europe record:

Car sales rose 4 percent for 1989, to a record 13.4 million units, despite predictions a year earlier of a softer market. VW crossed the wire with 2 million cars; Fiat was a nose behind. Page 3.